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SUBJ: Canada's Nuclear Sector: AECL scraps isotope reactor program

REF: OTTAWA 0156

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¶11. (SBU) In a stunning reversal, Atomic Energy of Canada Limited (AECL) announced on May 16 it is discontinuing development of two new reactors which were meant to lay the foundation for renewing Canada's medical isotope business. That business had been severely shaken when the half-century old "NRU" reactor currently in use was shut down for over a month in November-December 2007 by the CNSC, Canada's nuclear regulator, for safety reasons (reasons later contested by the government) (reftel).

¶12. (U) The proposed Maple 1 and Maple 2 reactors were more than eight years behind schedule and well over budget. AECL had invested over C\$500 million in them, and as recently as late January they were still expected to enter service within a year.

¶13. (U) Production of molybdenum-99, the input for medical isotope exports by AECL customer MDS Nordion, will now rely solely on the 55-year-old NRU reactor in Chalk River, Ontario (two hours west of Ottawa). This AECL-MDS relationship is the origin of about half of all isotopes used in diagnostic nuclear medicine procedures worldwide. Such isotopes have half-lives of a few days or less, so stockpiling is impossible and prolonged interruptions in reactor service can create shortages in health care systems.

¶14. (SBU) AECL's odds of participating in the pending nuclear-industry renaissance have been hampered by a lack of confidence in the money-losing, government-owned reactor firm to deliver on promises and stay in the game for the long term. Cancellation of the Maple project not only represents a huge financial loss, but also a huge loss of credibility for AECL as a supplier, and may even spell the beginning of the end of Canada's reactor industry. Embassy will follow up with further analysis.

WILKINS